MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

BMG1614- MANAGEMENT

(All Sections / Groups)

09 March 2017
2.30 p.m-5.30 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS:

1. This question paper consists of **TWO (2) SECTIONS** and **4** pages (inclusive of the cover page).

2. **SECTION A** contains case study (worth 40 marks). **Answer ALL questions.**

3. **SECTION B** contains THREE (3) essay questions. **Answer ALL questions** (worth 60 marks). Write your answers in the *Answer Booklet* provided.

SECTION A - CASE STUDY (40 MARKS)

Answer ALL Questions

A.S.Watson Group

A.S.Watson group was founded in 1828 as a small dispensary in southern China's Guangdong Province. In 1841, the dispensary was moved to Hong Kong, and the company was officially traded under the name A.S.Watson & Company since the 1870s. In 1981, the company was acquired by Hutchinson Whampoa-a Hong Kong conglomerate controlled by business magnate Sir Ka-Shing Li. Benefiting from Hutchinson Whampoa's solid economic strength, A.S.Watson Group launched a number of mergers and acquisitions in Asia and Europe in the late 1990s. For example A.S.Watson Group entered the United Kingdom by acquiring Savers Health & Beauty in 2000. In 2002, the company expanded its European business by acquiring Dutch Kruidvat Group. Today, A.S.Watson Group is one of the largest health and beauty retail groups with more than 10,000 stores operating in more than 30 countries. Its business spans from health and beauty products and luxury perfumeries and cosmetics to food, beverages (fine wine, bottled water, juice and tea drinks), and electronic products.

Despite the successes in market and business expansions, managers at A.S.Watson Group find it difficult to integrate the newly acquired businesses with existing ones. How to transfer a local pharmacy into a global health and beauty retail group is a huge challenge for the company's senior managers. Effective procurement, efficient logistics and distribution system can help to achieve positive financial return in the retail industry. Indeed many retailers endeavour to maintain efficient distribution systems, lower labour costs, and firm-level economics that give them bargaining powers over their suppliers in order to cut costs. Compared to many other big players in this field who rely on price wars and low costs to gain sales revenue and expand market share, A.S.Watson is gaining competitive advantage by providing unique shopping experiences to its customers.

In recent years, A.S.Watson Group highlighted its uniqueness with the proposition to help customers to "Look Good, Feel Great, and Have Fun". A.S.Watson Group adopts a set of employee training modes to not only improve staff's product knowledge, sales, and service skills, but also to promote the group's business philosophy to each employee. The top management team believes that appropriate training will facilitate employees to understand the company's strategy and hence smoothen its change from a regional company to a global retailer.

Following these managerial techniques, A.S.Watson Group has expanded its business in a creative way. The company introduced a "personal care store "concept in more than 15 Asian countries and regions, offering food, drugs, and health and beauty products. Compared to traditional "one-stop" supermarkets (e.g., Walmart, Tesco, and Carrefour) and local cosmetics boutiques, an A.S.Watson Group personal care store emphasizes excellent customer services and sells its own brand products. Although its own brands account for an average of all sales in the retail sector in developed countries, this branding strategy was at

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the introduction stage in Asian countries in the 1990s. This new business model caters to local emerging middleclass tastes and thus sets up the new industrial standard in many Asian countries. So what factors have made A.S.Watson Group and its personal care stores successful in Asia? The economic strength from its parent company? Its international mergers and acquisition strategy? Or managerial capabilities that enable A.S.Watson Group to identify market niches in Asian economies and then creatively implement a "personal care store" concept to fill the niche? It seems like there is no single answer to this question. A.S.Watson Group was the first retailer who realized the importance of emerging middle-class customers and developed a business model to meet their needs. However, such first-movers advantage will not be sustainable as competitors can easily imitate its business model. The firm's continued success depends on its competency to provide innovative products and services in response to an individual market's preference.

Source: Management- Stephen Robbins, Mary Coulter 2015, 13th edition Pearson, pp-237-238.
From the above case study answer the following:

Question 1

a) What kind of change processes did A.S. Watson Group experience since the late 1990s? What activities were conducted in order to smoothen the change? (2 x 5=10 Marks)

b) What's your interpretation of the company's philosophy "Look Good, Feel Great, and Have Fun"? How does such philosophy make A.S. Watson Group's personal care store different from its competitors? (2 x 5=10 Marks)

c) What could other companies learn from A.S. Watson Group's "new business model"? (10 Marks)

d) What underpins A.S. Watson Group's success? (10 Marks)

[40 marks]

SECTION B (60 MARKS): Answer ALL questions.
Write your answers in the *answer booklet* provided.

Question 1

a) Explain the basic functions of management? (10 Marks)

b) In a short essay, differentiate between the symbolic view and the omnipotent view of management. Include specific examples of each view to support your answer. (10 Marks)

[20 Marks]

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Question 2

a) List and discuss the eight steps in the decision-making process. (10 marks)

b) Explain any five (5) barriers to communication. (10 marks)

[20 marks]

Question 3

a) Explain Maslow's hierarchy of needs theory. (10 marks)

b) What are the five (5) sources of power used by leaders? (10 marks)

[20 marks]

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